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CITY AND COUNTY OF SAN FRANCISCO

DEPARTMENT OF CITY PLANNING

100 LARKIN STREET · CIVIC CENTER · SAN FRANCISCO 2, CALIFORNIA

March 24, 1967

Supervisor Josiah Beeman, Chairman
Social Services Committee
Board of Supervisors
City and County of San Francisco
Room 235, City Hall
San Francisco, California 94102

Re: File 309-61-A-2

Dear Supervisor Beeman:

The Department of City Planning is pleased to transmit to your committee this analysis of minority group housing problems in San Francisco. This report was prepared in response to the request of Mr. Leo T. McCarthy, former Chairman of the Social Services Committee.

The text of this report was prepared by Mr. James Paul, Urban Sociologist; with the special assistance of Mrs. Lois Grote, Research Assistant; and under the direction of Mr. Maurice Groat, Senior Planner in charge of the Community Analysis and Research Division of the Department of City Planning.

We wish to express our gratitude for the co-operation and helpful information provided to our department by Mr. Fred Threefoot, of the San Francisco Housing Authority; Mr. Harold Powell, of the Department of Housing and Urban Development; Miss Julia Smith, San Francisco Redevelopment Agency; and Miss Edith Witt, Human Rights Commission.

If you wish to have findings of this report elaborated in any way, please do not hesitate to call on us.

Sincerely yours,

Allan B. Jacobs

Allan B. Jacobs
Director of Planning

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Purpose

It is the intent of this paper to examine the problems of minority group housing in terms of: (1) the particular characteristics of minority group households which give rise to their housing needs; and (2) the nature and extent of the supply of housing available to minority groups. A separate section in this report is devoted to a brief summary of the local, state, and federal programs designed to alleviate minority housing problems, including their impact on the particular problems of San Francisco's minorities.

Method and Analysis

Recognition of the need for special studies of minority group[1] housing problems led to its incorporation as a requirement for a Community Renewal Program grant.[2] In order to acquire basic information regarding the characteristics of minority households and their housing, a census computer tape was purchased for the San Francisco Community Renewal Program. The information contained on this tape is unique because of the amount of detail it provides. Regular published census material is limited to the description of single attributes and does not relate these attributes to one another. For example, published sources indicate the number of families who earned less than $4,000 in 1960 and the number of substandard housing units in the city, but it does not indicate how many of those families who earned less than $4,000 lived in substandard units. The data supplied by the census tape is valuable because it provides a cross tabulation of a number of such variables. "It includes information not only on the relationship of all household characteristics to each other, but also the relationship of all housing characteristics to each other and in turn, of all household characteristics to all housing characteristics."

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[1] In this paper a minority group is defined as any group of persons subject to discrimination because of race, color, creed, or national origin. Major emphasis in this report, however, is on racial discrimination in housing.

[2] The revised Community Renewal Program requirements for equal opportunity in housing are outlined in LPA Letter No. 273, Housing and Home Finance Agency, Urban Renewal Administration, Washington, D. C.

In estimating the housing needs of any population or subgroup, careful consideration needs to be given to the financial resources of these groups. Comparative annual incomes in San Francisco for "Whites, Negroes, Other Races, and the Total City" are shown in Table I below.

TABLE I

HOUSEHOLD INCOME BY RACE

Income	White		Negro		Other		Total City	
	%	Number	%	Number	%	Number	%	Number
0 - 3,999	33	82,212	46	9,972	40	7,768	34	99,952
4 - 5,999	21	52,121	24	5,324	22	4,302	21	61,747
6 - 7,999	17	41,404	15	3,326	15	2,873	16	47,603
8 - 11,999	18	45,254	11	2,517	16	3,140	18	50,911
12,000+	11	28,718	4	836	7	1,398	11	30,952
	100%	249,709	100%	21,975	100%	19,481	100%	291,165

Source: San Francisco Community Renewal Program, "Programming Area Analysis Studies" - Arthur D. Little, Inc., 1963 (Based on U.S. Census 1960)

The table points out that low income is a problem faced by one out of every three households in San Francisco. Almost 100,000 households earned less than $3,999.99 annually in 1960. For minority group households, the proportion with low incomes approached almost half of the total minority household population. Nearly 10,000 (45%) of all Negro households and 8,000 (40%) of other non-whites are handicapped by poverty-level incomes. Because minority groups have a proportionally higher concentration of households in the lowest income category, their need for low-rent housing is proportionately greater. Although approximately 82,000 white households must contend with the difficulties surrounding low income, the income problems of minorities are re-enforced by other factors.

The size of the household is another measurement of its ability to pay housing costs. As the size of a household increases, the proportion of that household's income needed for other basic necessities such as food and clothing also increases. This means less of the total household income is available for shelter. Increased household size also increases the necessity for larger housing units. Yet, the ability to pay for a larger housing unit is diminished by the increased need for the other basic necessities.

Differences in size of household by race are shown in Table II below. The limitations placed on the ability of minority groups to pay housing expenses, because of larger average household size, is verified by the data in this table. Analysis of households with children, for example, directs attention to the fact that one-fourth of all white households have two or more persons with children as compared to about one-half of all Negro and other non-white households. Conversely, three-fourths of all white households in San Francisco are childless as compared to one-half of the Negro and other non-white households.

TABLE II

HOUSEHOLD SIZE BY RACE

	White		Negro		Other		Total City	
	%	Number	%	Number	%	Number	%	Number
1 person	35	86,766	21	4,613	30	5,793	33	97,172
2 persons/no child.	31	77,527	22	4,911	16	3,052	29	85,490
3 persons/no child.	8	20,757	7	1,596	8	1,657	8	24,010
2-4 persons/child.	18	43,715	26	5,628	23	4,505	19	53,848
5+ persons/child.	8	20,944	24	5,227	23	4,474	11	30,645
	100%	249,709	100%	21,975	100%	19,481	100%	291,165

Source: San Francisco Community Renewal Program,"Programming Area Analysis Studies" - Arthur D. Little, Inc., 1963.

Calculations of the average population per household also exemplifies the differences in household size by race. These figures are shown below. The data illustrates, somewhat dramatically, the large variations in size of household between whites and non-whites.

Population per Household by Race

White	2.32
Negro	3.32
Other Races	3.08
Total City	2.45

Again these differences in size mean that there are significant differences in terms of the housing needs of these groups. In general, while the average housing need for white households can be met by a 2 to 3-room unit, the average non-white household needs at least a 3 to 4-room unit. As previously mentioned, in the private market, larger housing units necessitate higher rents. This implies that either minorities must pay more rent or they must accept crowded conditions in standard or substandard structures. According to 1960 published

census data, 19% of the 41,700 non-white households in San Francisco were living under crowded conditions (1.01 persons or more per room). Among white households only 6% (19,958) were similarly situated.

Low income and large households produce a compound problem for minority group households. The figures in Table III indicate the number of households of varying size with incomes less than $3,999 annually by race. The ramifications of these data for evaluating the housing needs of minorities are considerable.

TABLE III

HOUSEHOLDS WITH INCOME LESS THAN $3,999 BY RACE AND TYPE

Household	Type	White		Negro		Other		Total	
		%	Number	%	Number	%	Number	%	Number
1 person	---	65	52,807	37	3,679	58	4,486	61	60,972
2 persons	no ch.	21	17,654	17	1,712	13	1,056	20	20,422
3 persons	no ch.	2	1,709	2	228	2	169	2	2,106
2-4 persons	w/ch.	10	8,052	27	2,649	17	1,302	12	12,003
5+ persons	w/ch.	2	1,990	17	1,704	10	755	5	4,449
All households		100	82,212	100	9,972	100	7,767	100	99,952
All households	w/ch.	12	10,042	44	4,353	27	2,057	16	16,452

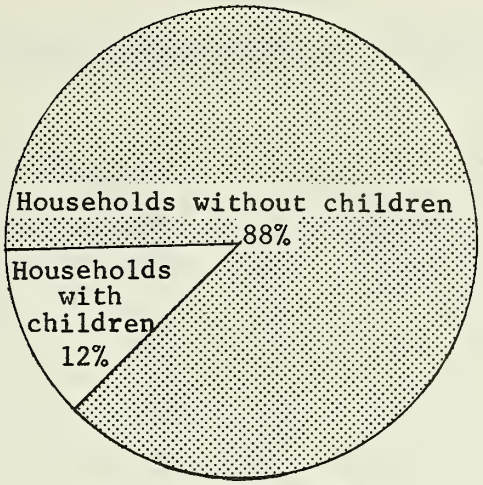
Source: San Francisco Community Renewal Program, "Programming Area Analysis Studies" - Arthur D. Little, Inc., 1963.

Nearly half of all Negro households who earned less than $4,000 in 1960 were composed of families with children, as shown in Figure 1 on the following page. Family size combined with low income makes the problem of finding adequate living accommodations especially severe. In terms of housing need, there were more than 16,000 families with children in 1960 whose housing choice was limited by low income and large household size. It is well established that the demand for large housing units at low-rent levels far exceeds the supply. (The San Francisco Housing Authority reports a continuous waiting list of approximately 2,000 families for public housing. The major demand is for two or more bedrooms.) Considering the limited financial resources of minority families requiring two and three-bedroom accommodations, there is little incentive for the private builder to satisfy the obvious demand.

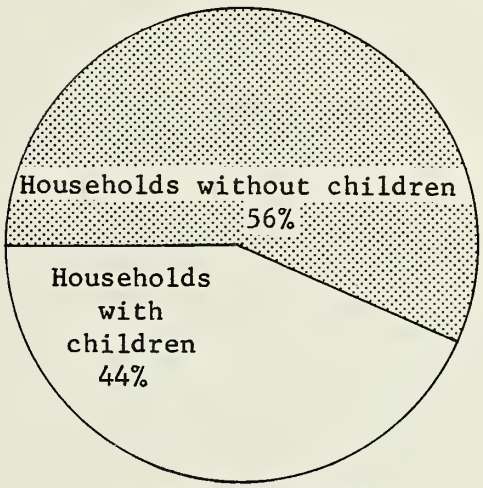
The consequences of this housing shortage for minorities, as previously cited, are an overcrowding of families into lower priced, substandard housing. This is substantiated by the statistics in Table IV.

FIGURE 1

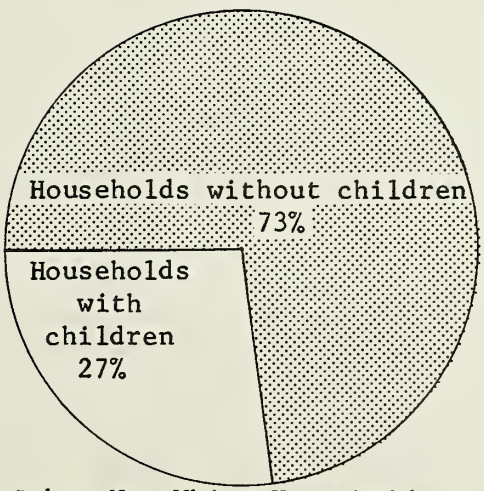
HOUSEHOLDS WITH ANNUAL INCOMES LESS THAN $3,999.



White Households
82,212 (100%)



Negro Households
9,972 (100%)



Other Non-White Households
7,768 (100%)

TABLE IV

OCCUPANTS OF SUBSTANDARD HOUSING BY RACE AND SIZE OF HOUSEHOLD

	White		Negro		Other		Total City	
	%	Number	%	Number	%	Number	%	Number
1 person	71	22,529	38	2,509	65	4,066	65	29,104
2 persons/no child.	12	3,851	19	1,218	12	758	13	5,827
3 persons/no child.	3	896	6	385	4	258	3	1,539
2-4 persons/child.	9	2,958	20	1,340	10	638	11	4,936
5+ persons/child.	5	1,681	17	1,117	9	527	8	3,325
	100%	31,915	100%	6,569	100%	6,247	100%	44,731

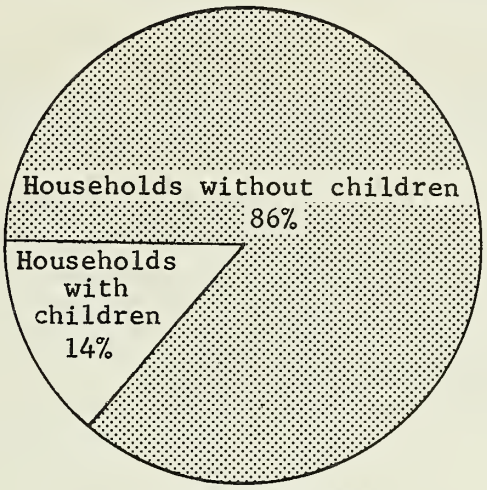
Source: San Francisco Community Renewal Program, "Programming Area Analysis Studies," Arthur D. Little, Inc., 1963.

These figures show that about one-third of all Negro and non-white households in San Francisco resided in substandard dwellings in 1960. Caucasians living in substandard structures, on the other hand, accounted for only one-tenth of the city's white household population. Of particular significance is the disparity between whites and Negroes in terms of the make-up of households living in substandard dwellings. Specifically, of all white households in substandard dwellings 22,529, or 71%, were single person households; among Negro households only 2,509, or 38%, were single person households. Of the total white households only a small proportion (14%) are families with children. In comparison, more than one-third of all Negro households in substandard dwellings, and one-fifth of all other non-white households, are families with children. This suggests that age is a factor as well. Where white occupants may be elderly, many Negroes are in the family rearing cycle when suitable housing is vital for their children's growth. Although white households are also restricted by low income, the fact that many are single member households means that they have a housing need which is more easily satisfied by the existing supply. Because of their low incomes and especially because most non-white families have children, their need for housing is both more difficult to satisfy and more urgently requires satisfaction. (See Figure 2 on next page.)

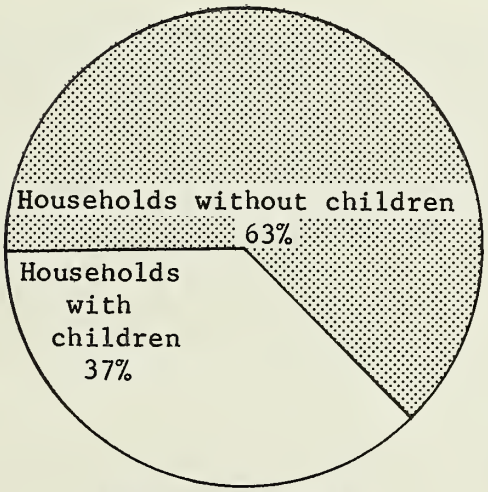
There is yet another factor which must be taken into accout in assessing the housing needs of minority groups. Discrimination in housing is an extremely significant problem for minority groups because it vastly limits the availability of housing for these groups. The fact that minority groups have been restricted in their residential choice to certain well defined areas in the city was emphasized in the San Francisco Community Renewal Program Final Report. The report states, "There are eight census tracts in the city where

FIGURE 2

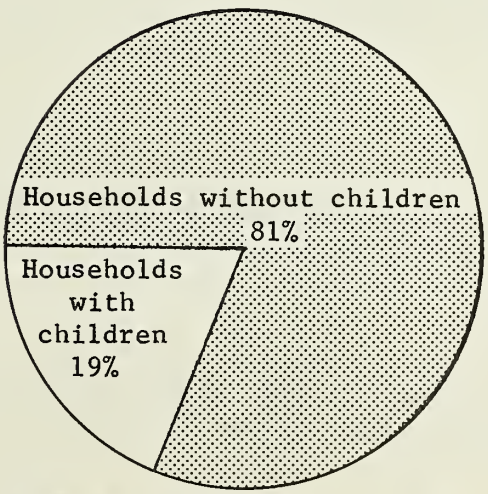
COMPOSITION OF HOUSEHOLDS IN SUBSTANDARD HOUSING



White Households
31,915 (100%)



Negro Households
6,569 (100%)



Other Non-White Households
6,247 (100%)

the Negro population exceeds 50%, and 55 census tracts where the Negro population is less than 1%." [3] The maps on the following pages illustrate the concentration of Negroes and other non-whites by census tract in 1960. The CRP Report goes on to suggest the consequences of residential segregation.

> The tendency to segregate racial minorities forces these groups to pay an inordinate amount of their income for housing. The supply of housing available to minority groups is restricted causing available structures to become overcrowded and higher-than-normal rents to be established. This makes it both possible and profitable for certain landlords to maintain substandard facilities. [4]

According to data published in the San Francisco Fact Book, 57% of the non-whites earning under $2,000 per year paid over 35% of their income for rent in 1960.

There are strong indications that the concentration of minorities in small, well defined areas lacking in adequate community facilities results in feelings of isolation and alienation from the rest of the community. These conditions may lead to a breakdown in communication and co-operation between minority and majority groups in the community, thereby re-enforcing misunderstanding and hostility. One of the consistent findings of the studies undertaken in the aftermath of the Watts riots in Los Angeles was that problems of communication and inter-group co-operation were largely a result of the physical and social isolation of the Watts area from the surrounding community. As an aside, this emphasizes the importance of citizen participation in establishing policy relating to the needs of minority groups.

Thus far in this report discussion has been limited to the physical, social, and economic characteristics of minority group households which together determine their housing needs. With this general picture of minority housing needs in mind, it is now important that some consideration be given to the housing supply. Table V gives detailed information on the rental housing stock composition in 1960.[5] This table indicates the number of units by condition, size, and rent. Of the approximately 200,000 rental

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[3] San Francisco Community Renewal Program Final Report, Arthur D. Little, Inc., October, 1965, p. 72

[4] Ibid, p. 78

[5] It is not within the scope of this paper to provide a complete analysis of the housing supply in San Francisco. Rather, this study is limited to existing data which is symptomatic of the housing stock available to minorities.

FIGURE 3

NON-WHITE POPULATION PER HUNDRED PERSONS IN CENSUS TRACT, 1960

NON-WHITE EXCEPT NEGRO

CITY AVERAGE: 8.3

- UNDER 1
- 1 - 4.9
- 5 - 9.9
- 10 - 24.9
- 25 - 49.9
- 50 - 74.9
- 75 - 100
- STATISTICALLY IRRELEVANT AREAS

Source: U.S. Bureau of the Census, 1960 Census of Population and Housing

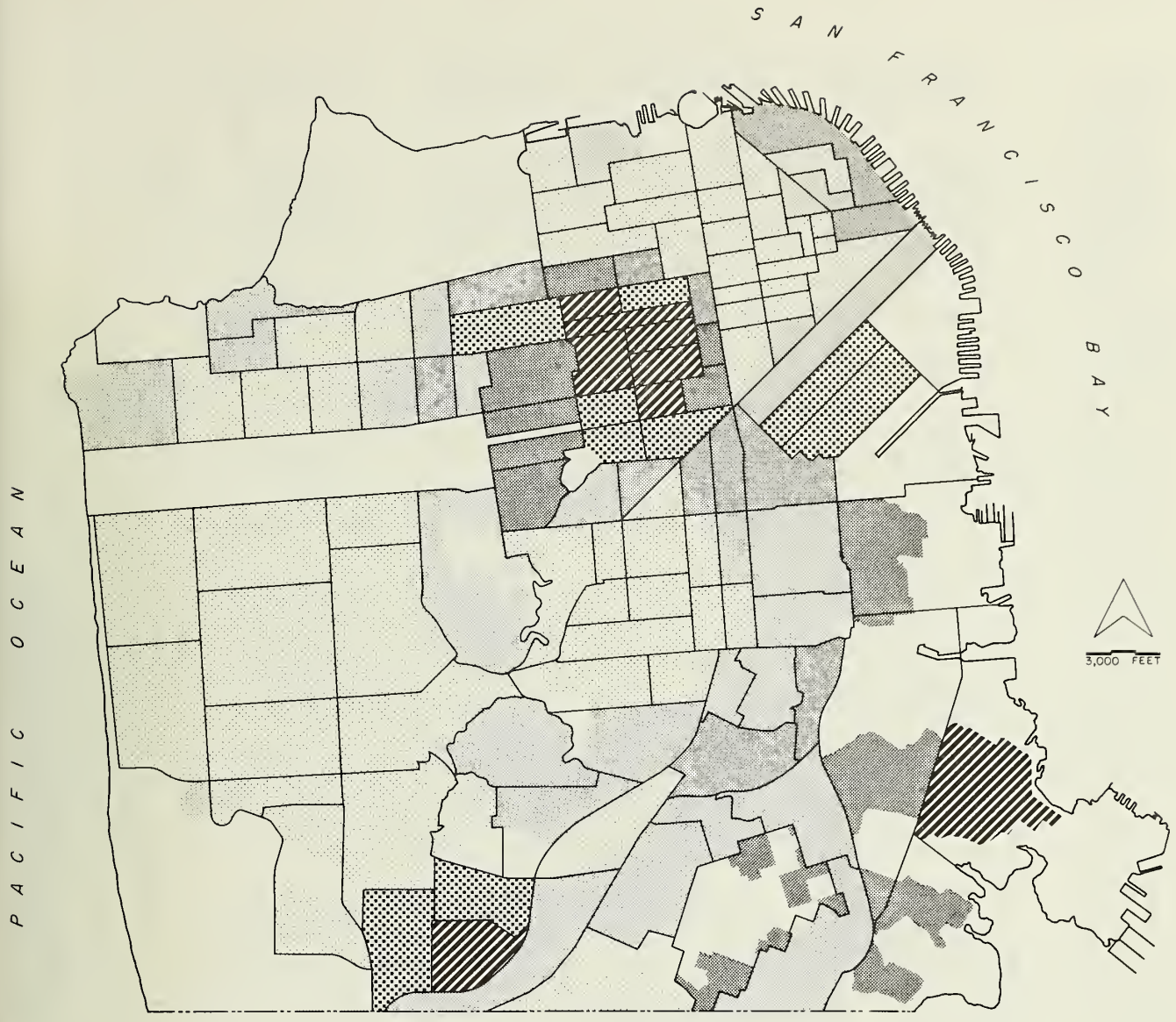

FIGURE 4

NEGRO POPULATION PER HUNDRED PERSONS IN CENSUS TRACT, 1960

CITY AVERAGE: 10.1

- UNDER 1
- 1 - 4.9
- 5 - 9.9
- 10 - 24.9
- 25 - 49.9
- 50 - 74.9
- STATISTICALLY IRRELEVANT AREAS

Source: U.S. Bureau of the Census, 1960 Census of Population and Housing

TABLE 7

RENTAL HOUSING STOCK COMPOSITION
(Number of Housing Units)

	Rent											
Condition* 1 & 2	Under $40		$40-69		$70-99		$100-149		$150 & up		Total	
	#	%	#	%	#	%	#	%	#	%	#	%
1-2 Rms.	3,021	8	23,091	56	12,616	31	1,773	4	479	1	40,980	100
3-4 Rms.	4,176	6	27,767	36	27,010	36	13,825	18	3,222	4	76,000	100
5+ Rms.	2,011	5	9,271	25	13,174	35	8,916	24	4,245	11	37,617	100
Total	9,208	6	60,129	39	52,800	34	24,514	16	7,946	5	154,597	100
Condition* 3	#	%	#	%	#	%	#	%	#	%	#	%
1-2 Rms.	14,091	60	8,039	34	1,179	5	99	-	36	-	23,444	100
3-4 Rms.	887	13	4,604	67	1,227	18	89	1	39	1	6,846	100
5+ Rms.	209	7	1,245	41	1,293	43	245	8	15	1	3,007	100
Total	15,187	46	13,888	42	3,699	11	433	1	90	-	33,297	100
Condition* 4	#	%	#	%	#	%	#	%	#	%	#	%
1-2 Rms.	7,829	82	1,638	17	85	1	10	-	26	-	9,588	100
3-4 Rms.	349	20	1,143	66	184	11	32	2	12	1	1,720	100
5+ Rms.	52	9	302	52	176	30	41	7	9	2	580	100
Total	8,230	69	3,083	26	445	4	83	1	47	-	11,888	100
All Conditions	#	%	#	%	#	%	#	%	#	%	#	%
1-2 Rms.	24,941	34	32,768	44	13,880	19	1,882	2	541	1	74,012	100
3-4 Rms.	5,412	6	33,514	40	28,421	34	13,946	16	3,273	4	84,566	100
5+ Rms.	2,272	6	10,818	26	14,643	36	9,202	22	4,269	10	41,204	100
Total	32,625	16	77,100	39	56,944	28	25,030	13	8,083	4	199,782	100

Source: San Francisco Community Renewal Program, "Programming Area Analysis Studies," Arthur D. Little, Inc., 1963.

* In Table V, condition of housing units are classified as follows: Conditions one and two include all units defined by the U.S. Census as sound with no plumbing facilities missing. Condition three includes deteriorating units with no facilities missing and sound units with one or more facilities missing. Condition four includes all dilapidated units and deteriorating units with one or more facilities missing.

housing units in the city, about 155,000, or 77% of the total, were in condition one and two; 33,000 (17%) were in condition three; and 12,000 (6%) were in condition four. In terms of the total rental stock, 74,000, or 37% of the units in all conditions, were 1- to 2-room units; 85,000 (42%) were 3- to 4-room units; and 41,000 (21%) were units with 5 or more rooms. Examination of the stock by rent shows that 33,000 units, or 16% of the total, rented for less than $40 per month in 1960; 77,000 (39%) rented for $40 to $69 per month; 57,000 (28%) rented for $70 to $99; 25,000 (13%) rented for $100 to $149; and 8,100 (4%) rented for $150 or more per month.

In analyzing this supply, it is important that one keep in mind the particular housing needs of minority groups. In this regard let us focus this analysis on the supply of large, low-rent, standard housing units. (This includes units with three or more rooms in condition one and two renting for less than $70 per month). Utilizing this procedure it is clear that the supply of these units is severely limited. To be exact there were only 6,000 rental units of three or more rooms which rented for less than $40 in 1960. Another 37,000 units rented for $40 to $69 per month bringing the total inventory of larger, low-rent, standard units in the city to 43,000 as of 1960. This figure represents about one-fifth of the total rental stock. In competition for the total supply (70,000 units) of low-rent, standard housing of all sizes, there were 100,000 low-income households. This partially explains the reason why there were 45,000 low-income households living in substandard units, including one-third of all non-white households.

Summary

In light of the foregoing analysis, the following factors are of primary importance in evaluating the housing problems of minority group households.

1. Low income and large families are characteristic of a number of households belonging to minority groups; these facts in combination account for much of the difficulty these households face in attempting to secure adequate accommodations for themselves in the private market.

2. The concentration of minority households, particularly of Negro families in well defined areas of the City, suggests the operation of discrimination which further limits the choice of minority home seekers in the housing market.

Data Deficiencies

It is unfortunate that throughout this report analysis of minority group housing needs has been limited to census data which is now seven years out of date. Although there is some reason to believe that the housing problems of minorities have increased (largely because of the continuing migration of non-whites into the central cities and rising housing costs), there is not enough reliable up-to-date information to adequately estimate minority housing needs at the present time. To complete such an analysis requires a continuous updating of basic census data. Various agencies within the city have attempted from time to time to bring certain housing information up to date. The Department of City Planning has tabulated all new construction, demolition, and

and conversions affecting the housing supply since 1960. Similarly, the Housing Authority has investigated the lowest gross rents for private housing in San Francisco in 1966. The Bay Area Council recently conducted a vacancy study in structures with four or more units. Nevertheless, all of these projects, while extremely useful, remain disjointed and incomplete. We know, for example, that since 1960 there were approximately 20,000 new units added to the stock; however, we do not know the size of these units, their rental range, and the percentage available to non-white groups.

The problem of estimating present and future housing need is complicated not only by a deficiency of up-to-date information, but also by a lack of a standardized method for procuring the information which is available. The studies undertaken by the various agencies concerned with housing often employ incompatible definitions. For example, a vacancy study by one agency may fail to distinguish between vacancies which occur as part of the natural turnover and those which are long term. Likewise, a housing unit classified as sub-standard housing by one set of standards may be classified as standard housing by another set of standards. If effective planning for the current and future housing requirements of San Francisco's population is to be achieved, there must be some means of matching housing need with supply. This is only possible if all the necessary physical, social, and economic variables affecting housing demand and supply are continually collected, integrated, and analyzed. Without such a centralized housing information service, housing analyses will be forced to continue to rely on information which is out of date. The need for such a service cannot be overemphasized.

MINORITY GROUP HOUSING AIDS

The remaining portion of this paper is devoted to a brief summary and analysis of four basic government programs (Low Rent Housing, Rent Supplements, Mortgage Insurance, and Urban Renewal) which were originally designed to aid minority groups in securing decent, standard housing. This section attempts to assess the effectiveness of these programs in terms of their general impact on meeting the housing needs of San Francisco's minorities.

Federal and state housing programs affect local housing conditions in two ways. Unattached individuals and families living in rental units may benefit directly from subsidies supporting low rent public housing, lease housing, and rent supplement programs. Similarly, homeowners are aided by means of mortgage insurance and property improvement loans. Both forms of assistance are enacted as a benefit for the housing consumer; yet, they also serve as incentives to the suppliers of housing. Regardless of their intent, it will be shown that these programs vary in their impact on the distinctive housing requirements of the minority group population in San Francisco.

Applicants for public funds for housing must furnish proof, under the programs listed below, that they are within the minimum and maximum eligibility requirements. A common standard for qualification is the applicants' level of income. Ironically, because minority groups are disproportionally represented in the extremely low income brackets, many are likely to be excluded from government housing programs since their income is often less than the minimum allowed for eligibility.

Low Rent Housing

The amended Housing Act of 1937 authorizes local Housing Authorities to build, purchase or lease structures to shelter individuals and families who cannot afford adequate private housing.

Eligibility to live in a public or leased housing unit is based on demonstrated need. Eligible applicants are households with housing requirements beyond the limits of their income, elderly or physically handicapped individuals with low incomes, and families displaced by public action. Under the law, war veterans and their families are given high priority. An applicant's chance of qualifying to enter and to remain in public housing depends on his inability to afford private housing and his ability to pay the rent in the public unit.

Two per cent of San Francisco's occupied rental units in 1960 were temporary and permanent public housing. At the present time, non-white occupancy rates remain about 74 per cent of the 5,526 occupied permanent units. An undetermined proportion of Mexican-Americans are included in the 26 per cent white occupancy rate. At the beginning of 1967, 55 per cent of the applications on the waiting list were single, elderly resident households. The other 1,250 were for households of two or more persons. About 2,800 requests for public housing are currently waiting for placement in San Francisco. Applications on the waiting list are often requests for the units most in demand -- the studio apartments and the four- and five-bedroom units. Other unfulfilled requests are for preferences in location rather than for the "first available" units. Generally, during one year, there is a one-third turnover rate. During 1966,

228 applications were rejected because the requests were from individuals or families with income over the maximum limits effective at that time. Some of these applicants, however may now be eligible because of the recent increase in the maximum income provisions of the law.

Leased Housing

The San Francisco Housing Authority recently was authorized to place families eligible for public housing in privately owned rental units. At the beginning of 1967, four families had been referred to suitable living quarters. Currently the Housing Authority staff is processing 50 applications for leased units in various parts of the city.

Rent Supplement Programs

Under Section 23 of the 1965 Housing and Development Act, local agencies may help low-income families find accommodations in private housing. Eligible families are placed in units owned by landlords with whom the agencies have contracts. The difference between the amount of rent asked by the landlord and the amount of rent the family can afford is paid by the agency. Changes in the income level or the housing requirements of the family determine the amount of rent supplement paid on behalf of each family. Demonstrated need is the criteria for eligibility for this program.

Since the rent supplement program is an experiment in the application of the "scattered housing" and "matched housing" concepts, programs under Section 23 of the Housing Act are being watched with interest by agencies and organizations concerned with the housing problems of low income minority groups. The success of the demonstrations depends on the agencies' abilities to carefully match a family's particular housing requirements to a suitable private rental from all available private units in the community.

Under the auspices of the San Francisco Redevelopment Fund, 60 families will be selected for a two-year experimental project. These families will live in private rental units in or near San Francisco. Rent supplements and counseling will help the families toward eventual home ownership. Eligible families may have a maximum of four children and incomes ranging from $5,000 to $6,400, together with the ability to increase their income, acceptable credit and the desire to own their own home.

Rent supplement and leased housing programs are bridges by which individuals and families can made the transition into the private rental housing market of adequate living quarters. Although these programs hold promise of success, they are too new in San Francisco to have an effect as yet. In any event, probably only a small number of minority group families will benefit from the rent supplement and leased housing programs because of the limited funds available for these programs.

Mortgage Insurance

Acceptable credit, income above a specified minimum level, and the potential for continued income for the length of the mortgage or loan are the criteria by which San Francisco residents are eligible for government assistance to purchase or repair their homes.

Under the 1965 Housing Act, unattached individuals and families may apply through private lenders for FHA insured mortgage financing to buy new or existing residential property of one to four units. Homeowners may also apply under this section for FHA short-term loans to alter, repair or improve their one-to-four unit residences or nonresidential properties. Persons living in urban renewal areas may be eligible for property improvement loans at lower rates than are available to residents of other areas. Many single persons or families ineligible for low cost public housing but with income to pay most of their rent want to own their own homes. Of those who do, not all can take advantage of the present-day programs for insured mortgage financing.

In order to qualify for an insured mortgage, an individual or family must show the private lender proof of good credit risk. Even though the private lender is assured payment of outstanding mortgages in case of default by house purchasers, FHA laws discourage indiscriminate financing. The applications for mortgage insurance are reviewed by FHA staff in the light of convential mortgage financing principles.

Applicants for FHA, VA, or Cal-Vet mortgage financing must show proof of current income, adequate potential income for the life of the mortgage, a specific residence choice that meets the minimum housing standards, acceptable credit rating, and, in some cases, sufficient cash for down payment and closing costs.

To be eligible for short term FHA home improvement loans, homeowners must show ability to repay the loan to the private lender. Homeowners living in urban renewal areas are offered low cost plans as an incentive to rehabilitate their homes.

The current tight money market and the increased costs of home ownership has resulted in fewer applications for mortgage financing. Nationally, FHA home purchase applications have decreased 30 per cent in the past year. Theoretically, a minority group family with sufficient capital and credit could purchase a house in San Francisco if he could qualify for the mortgage insurance programs. This is not to say that the family's acceptance as a good credit risk necessarily smooths the way for its entrance into the neighborhood of their choice.

Not all minority groups families, however, want to own residential property. For some, this is a matter of choice. For others, the possibility of home ownership is a dream they never expect to achieve. Probably, there are a considerable number of minority group families in San Francisco who would be homeowners if they had their choice, and if they had the money and credit to exercise their choice.

Urban Renewal Programs

Under the broad heading "Urban Renewal" fall a number of programs ranging from purely private efforts to improve property to those more familiarly associated with Federally assisted projects. The purpose of urban renewal is just that suggested by the words. Programs, public or private, are aimed toward conservation of structures and neighborhoods, or their improvement. The former aim is generally accomplished by private maintenance or publicly administered code enforcement programs, in some instances, federally assisted. The latter aim may be accomplished in a number of ways, but the primary means are rehabilitation, or clearance and redevelopment. In rehabilitation programs, the structures and the general pattern of the use of land are retained: The structures to be physically restored to adequate condition and the uses retained or modified slightly. Thus, rehabilitation aims at the preservation and the enhancement of the existing pattern of development.

Clearance and redevelopment, on the other hand, remove the structures and often change considerably the character of the area. The intent is often to replace a pattern of development considered obsolescent with one which may provide a better use of that limited resource -- urban land -- and add to the stock of the housing resources of the community. In addition, the removal of a badly deteriorated area will, it is hoped, prevent, or at the very least, inhibit a recurrence of the factors which acted to cause deterioration. Of course, it is clear that this latter and more drastic kind of renewal action, when directed at an existing residential area, is bound to have profound consequences for the residents of that area. Often the project results in a displacement of residents during the renewal process.

Up to the present time, the major displacement of people from a project area with the accompanying problems of finding suitable accommodations for the relocatees is confined to a single urban renewal clearance project, Western Addition I. A follow-up study of residents relocated from the Western Addition Area I project in San Francisco indicated that suitable housing in other areas of the city at rent levels project residents could afford was not easily available.[6]

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[6] Smith, Wallace F., "Relocation in San Francisco," Bay Area Real Estate Report, fourth quarter, 1960

Although the data gathered was somewhat incomplete,[7] the findings of the effects of relocation for project residents are significant. The results indicated that "more than four-fifths of all the households studied paid higher rents after relocation." Since the median monthly income was only $243 for all households, the author concluded that "the extra rent paid after relocation must come largely out of the household's budget for other necessities."[8] This study also found that the primary tendency of most households was to relocate close to the clearance area. "Just under 50 per cent of all the households for which relocation addresses were determined moved into other parts of Western Addition."[9] This may have been by choice, but the results of the Western Addition study tend to indicate that non-white families enjoy a lesser degree of mobility and face severe problems in locating adequate housing.

In addition to this single major displacement, there continue to be random displacements resulting from the code enforcement activities of the various city departments, especially the Departments of Public Health and Public Works. The effects of these code enforcement programs are less noticeable because they occur over a longer period of time, and absorption of the relocated family may thus be rendered easier. However, the findings of Dr. Smith clearly indicate that unless a supply of usable stock within the income range of those subject to relocation is available, future clearance projects or intensified code enforcement programs may have serious consequences which ought to be assessed before the programs are launched. This problem is further aggravated by the fact that there is little or no vacant land in the city available for the construction of dwellings that low-income people can afford, and the supply of quarters suitable for rehousing the dislocated at a price they can reasonably afford is also limited. And the problem is further compounded by the existence of racial barriers that prevent many residents from finding housing outside the city, if they wished, and by a complementary necessity that causes many of the residents to be city-bound for their employment. For the minority group, therefore, the paradox is that there may be neither a place to go, nor a place to stay unless the problem of relocation housing is resolved before renewal programs are launched.[10]

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[7] Smith notes that while 2,126 households were accounted for in the case files of the relocation office, this figure is actually far short of the total number of Western Addition households displaced by the clearance program. "Approximately 3,700 families and one-person households were encountered in a 1957 site survey. About 1,600 left the area without seeking the aid of or providing rehousing data to the relocation office. Of the other 2,126, 410 had at least some contact with the relocation office, but eventually rehoused themselves without informing that agency. What type of rehousing all of these 'unknown' households obtained can only be conjectures." p. 82

[8] Ibid pp. 82-83

[9] Ibid p. 82

[10] While there is some indication from the records of those who utilize relocation services that families are generally placed in housing units of higher quality, there is little other documentation of the positive effects of relocation

Objections to the current approach to relocation and recommendations for an alternative approach for renewal were summarized in Community Renewal Program Final Report, page 100.

". . .However, relocation, no matter how sensitively handled, has a number of disadvantages:

- The 'forced' relocation of residents not only disrupts neighborhood and community ties, but also imposes heavy personal burdens on many relocatees.
- The number of houses in the city which relocatees can afford is limited.
- Not all relocatees take advantage of the opportunity to obtain decent, safe, and sanitary housing within their means.
- Relocatees take their low income and their social problems with them when they move.

"Though San Francisco has made imaginative use of new tools and programs as they have become available, these have not left much alternative to heavy relocation than to leave the area untouched. Now, however, with new urban renewal tools, especially those provided in the Housing Act of 1965, it has become feasible to adopt an alternative policy for effecting residential renewal; namely, rebuilding, rehabilitating, and restoring areas for the present residents, if they wish to remain there after renewal."

One alternative policy that is advocated in San Francisco is "spot clearance," a policy by which only the housing incapable of being rehabilitated will be condemned. In this plan, the tools referred to in the CRP statement above would be available to renters, homeowners, and rental property owners to bring the substandard dwellings up to code standards.

Such an attempt is provided in the Housing Act of 1965, the Federally Assisted Code Enforcement Program. Now beginning in San Francisco, this program permits tenants and property owners in areas designated for Concentrated Code Enforcement to receive low interest loans to bring housing units up to municipal code standards. Families or individuals with income below a certain level may be eligible for grants up to $1,500 to repair or improve their property.

Two-thirds of the cost of planning and operating the FACE program in San Francisco will be financed by the Federal grant. As in other urban renewal projects, San Francisco can make noncash contributions for public improvements.

The four areas of the city where initial FACE programs will be in effect are located in the Great Highway, Arguello Park, Buena Vista Park and Glen Park Districts.

Although the government programs offering direct assistance to persons in need of adequate living quarters may be expanded eventually, changes in elibibility limitations for federal and state aid programs historically have lagged behind the demonstrated need for such changes. The San Francisco urban renewal projects hold promise for the future. However, there is little evidence today that the people most in need of decent, safe, and sanitary housing at prices they can afford -- the low income and the minority groups -- have equal opportunities to compete in the private housing market.

MINORITY GROUP HOUSING -- CONCLUSIONS AND RECOMMENDATIONS

I. The determination of housing need, supply and demand is dependent upon a continual analysis of the housing market and inventory. Such an analysis should take into account not only the available housing stock, but also the needs of various segments of the population in terms of such variables as income, size of household, residential segregation, neighborhood ties, and dependence upon special services.

There is an urgent need for a central data collection and information service to make available up-to-date analysis of the City's physical, economic and social conditions. A central data information service could serve as a clearing house on housing information and could furnish information to public and private agencies for particular needs. Since City agencies do not, independently, have the capability for keeping comprehensive, up-to-date information on housing, an agency given this responsibility could provide a much needed service and, at the same time, eliminate possible duplication of effort in getting information.

The main advantage of a central data collection information service would be the continuing availability of comprehensive and reliable information on housing supply and demand for making informed decisions on housing policies and programs.

In the CRP report, a "central records office" was suggested as desirable to perform the central data collection and information service. It was recommended that this service be performed in the "Office of the Coordinator of Planning, Housing, and Development or in the Department of City Planning."

II. Full support should be given to those programs aimed at expanding the housing opportunities of minority groups. Although up-to-date data is scarce, it seems clear that current efforts aimed at improving the housing opportunities of minorities have made little progress in alleviating the effects of residential segregation. Consequently, City efforts should not be dependent upon existing federal programs of minority group housing. Rather, the City should develop a housing policy of its own which makes special recognition of the particular problems of minority groups in San Francisco and outline a program of action for meeting the needs of those groups, including a substantial increase in the development of co-operative and scattered low-rent housing.

III. It needs to be recognized that certain urban renewal policies designed to aid minority groups may in fact compound their problems unless certain precautions are taken. Of primary importance here is the forced relocation of families resulting from code enforcement and redevelopment. It is suggested that support be given to the CRP recommendation that San Francisco follow an alternative policy for residential renewal . . ."rebuilding, rehabilitating, and restoring areas for the present residents if they wish to remain there after renewal." In addition, there should be established a policy on priority and timing of public actions so that an adequate supply of standard, low-rent housing would always be available when relocation is unavoidable.

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